

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W

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P 081110Z JAN 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 3304

AMEMBASSY ABU DHABI

AMEMBASSY ADDIS ABABA

AMEMBASSY AMMAN

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SANA

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY MOGADISCIO

AMEMBASSY VIENNA

S E C R E T SECTION 1 OF 3 JIDDA 0120

EXDIS

DEPT ALSO FOR AMBASSADOR PORTER

E.O. 11652: GDS

TAGS: PINT, PFOR, EGEN, US, SA

SUBJECT: ANNUAL POLICY ASSESSMENT FOR SAUDI ARABIA: PART FOUR

REF: 75 STATE 268352, 75 JIDDA A-21,

THIS TELEGRAM IS THE FOURTH OF FIVE TRANSMITTING THE

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ANNUAL POLICY ASSESSMENT FOR SAUDI ARABIA. THIS TELEGRAM

CONTAINS SECTION III. A. ECONOMIC AND COMMERCIAL OBJECTIVES.

III. U.S. POLICY OBJECTIVES AND COURSES OF ACTION

A. ECONOMIC AND COMMERCIAL OBJECTIVES

1. ACCESS TO SAUDI PETROLEUM:

IT IS A HIGH PRIORITY OBJECTIVE THAT THE U.S. ASSURE CONTINUED ACCESS TO SAUDI ARABIAN PETROLEUM FOR THE WESTERN ALLIANCE AND JAPAN. THE ARAB BOYCOTT DEMONSTRATED CLEARLY THE VULNERABILITY OF THE INDUSTRIALIZED WORLD TO AN ENERGY SHORTAGE AND THE POWER OF THAT WEAPON WHEN UTILIZED TO ACHIEVE ARAB POLITICAL OBJECTIVES. FOLLOWING THE LIFTING OF THE BOYCOTT EARLY IN 1974, THE REACTIONS OF SOME WESTERN STATES SUGGESTED A SEARCH FOR WAYS AND MEANS TO BRING THE OPEC CARTEL TO HEEL. NOW, IT APPEARS THAT POLICY DIFFERENCES AMONG THE WESTERN STATES AND WITHIN THE ADMINISTRATIONS OF OTHERS HAVE BEEN OVERCOME AND THE DIRECTION IS ONE OF SEARCHING FOR ACCOMMODATION AND MUTUALITY OF INTERESTS BETWEEN PETROLEUM PRODUCERS AND CONSUMERS. (SEE PART 5). TO ACHIEVE THIS OBJECTIVE BY ECONOMIC MEANS WE SHOULD:

-- PERSUADE SAUDI ARABIA THAT ITS LONG TERM ECONOMIC INTERESTS STILL PARALLEL THOSE OF THE U.S.;

-- CONVINCE SAUDI ARABIA THAT U.S. PETROLEUM TECHNOLOGY AND "KNOW-HOW" HAVE PROVED REWARDING TO BOTH STATES AND THAT A SEARCH FOR ALTERNATIVES COULD LEAD TO INCOMPATIBILITIES AMONG SYSTEMS, INEFFICIENCIES AND EVEN BREAKDOWNS;

-- DEMONSTRATE THE DESIRABILITY OF KEEPING U.S. CITIZENS IN THE DECISION-MAKING ECHELONS OF ARAMCO MANAGEMENT FOR THE BENEFIT OF SAUDI ARABIA; AND

-- PROMOTE THE CLOSEST OF BILATERAL PETROLEUM/CAPITAL RELATIONSHIP. THE KEY TO THIS FINAL COURSE OF ACTION WOULD INVOLVE PROMOTION OF HYDROCARBON
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INDUSTRIALIZATION. WE MUST CONTINUE TO URGE BOTH THE SAUDI GOVERNMENT AND U.S. PETROCHEMICAL FIRMS TO ENTER INTO JOINT VENTURES.

2. USE OF SAUDI FINANCIAL RESOURCES:

WE WANT SAUDI ARABIA'S OIL-GENERATED WEALTH TO BE USED FOR STABILITY AND ECONOMIC DEVELOPMENT AND NOT AS A

POLITICAL WEAPON AGAINST THE WESTERN ALLIANCE AND JAPAN. AS MUCH OF THIS WEALTH AS POSSIBLE SHOULD BE USED IN BENIGN AND PRODUCTIVE WAYS; IT SHOULD ALSO CONTINUE TO FLOW, AS ECONOMIC ASSISTANCE, TO LESS FAVORED NATIONS, ESPECIALLY THOSE MOST SEVERELY AFFECTED BY THE HIGH PETROLEUM PRICE INCREASES. UNITED STATES COURSES OF ACTION (DESPITE SAUDI CONCERN OVER U.S. ANTI-BOYCOTT MOVES) MIGHT INCLUDE:

-- PERSUASION OF SAUDI ARABIA TO HELP MEET THE CAPITAL SHORTAGE IN THE U.S. (SINCE THERE IS SOME AVERSION TO ARAB OWNERSHIP, AS WELL AS SAUDI AVERSION TO OUTRIGHT PURCHASE, THE ASSISTANCE WOULD LIKELY HAVE TO TAKE THE FORM OF LOANS);

-- PERSUASION THAT SAUDI ARABIA CONTINUE TO PURCHASE U.S. TREASURY ISSUES ON A GOVERNMENT-TO-GOVERNMENT BASIS, WITH A SHIFT FROM SHORT TERM PAPER TO MEDIUM AND LONGER TERM ASSETS;

-- SUPPORTING INCREASED SAUDI ARABIAN PARTICIPATION IN INTERNATIONAL FINANCIAL INSTITUTIONS WITH VOTING RIGHTS COMMENSURATE TO CAPITAL SUBSCRIPTION;

-- PROVIDING CREATIVE SUGGESTIONS FOR CHANNELING SAUDI RESOURCES INTO INTERMEDIATE LEVEL DEVELOPING STATES (BRAZIL, MEXICO, TURKEY) IN COMBINATION WITH U.S. TECHNOLOGY AND "KNOW-HOW"; AND

-- ASSIGNING ADDITIONAL EMBASSY PERSONNEL, INCLUDING AN OFFICER WHO COULD DEVOTE FULL TIME TO FINANCIAL MATTERS (SEE PART IV).

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3. SAUDI ARABIAN ECONOMIC DEVELOPMENT:

WASHINGTON, THE EMBASSY, THE JOINT COMMISSION ON ECONOMIC COOPERATION, THE PRIVATE U.S. SECTOR, MUST ASSIST THE SAUDI GOVERNMENT IMPLEMENT ITS FIVE YEAR DEVELOPMENT PLAN BY:

-- PROVISION OF ADMINISTRATIVE, ORGANIZATIONAL AND MANGIERIAL ASSISTANCE;

-- PROVISION OF GREATLY STEPPED UP TRAINING OF YOUNG SAUDI TECHNICAL PERSONNEL TO HELP BREAK THE CRITICAL BOTTLENECK FOR THE DEVELOPMENT PROGRAM -- THE HUMAN RESOURCE DEFICIENCIES; AND

-- REMOVAL OF OBSTACLES TO PRIVATE U.S. PARTICIPATION
IN THE DEVELOPMENT EFFORT (PERSUADING THE SAUDIS
TO PERFORMANCE BONDING REQUIREMENTS, FOR EXAMPLE).

4. U.S. SHARE OF SAUDI MARKET:

COURSES OF ACTION WHICH THE U.S. SHOULD FOLLOW IN ORDER
TO OBTAIN A FAIR SHARE OF THE SAUDI MARKET AND CAPITALIZE
ON THE SAUDI PREFERENCE OF U.S. "BRAND NAMES" WOULD
INCLUDE SUPPORT FOR:

-- THE PLANNED BUILDING MATERIALS AND CONSTRUCTION
EQUIPMENT FAIR, WHICH MAY BE THE FIRST BILLION
DOLLAR TRADE FAIR EVER HELD. THE PROPOSED FAIR
IS ON THE VERGE OF FOUNDERING FOR LACK OF
SUFFICIENT FUNDS TO OBTAIN SUITABLE EXHIBIT SPACE.
THE USG SHOULD TAKE IMMEDIATE STEPS TO FIND FUNDS
SO THAT A PAVILION FOR HOLDING THE FAIR CAN BE
ACQUIRED. PARTICIPANT'S FEES SHOULD BE RAISED
AND BUDGET ENLARGED FOR A PRIME EFFORT. (A
PROBLEM THAT WASHINGTON MAY CONSIDER IS THE SAG'S
REFUSAL TO ALLOW FIRMS ON THE BOYCOTT LIST TO
PARTICIPATE.)

-- CONSTRUCTION OF A PERMANENT TRADE CENTER IN SAUDI
ARABIA FOR THE CONTINUED SHOWING OF U.S. PRODUCTS
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AND SERVICES AVAILABLE, PLUS ASSISTANCE TO U.S.
BUSINESSMEN AT COST. IF THE U.S. ASPIRES TO
OBTAIN \$4 TO \$5 BILLION IN EXPORTS OF GOODS AND
SERVICES ANNUALLY FOR THE NEXT 5 TO 6 YEARS
TO THE SAUDI MARKET, THE CONSTRUCTION OF A
PERMANENT TRADE CENTER IS CLEARLY WARRANTED AND
ACTION SHOULD BEGIN NOW;

--NEW COMMERCIAL CENTERS AT JIDDA AND DHAHRAN.
THE EMBASSY WILL SHORTLY LOSE THE PRESENT SPACE
IT OCCUPIES IN DOWNTOWN JIDDA FOR THE EXISTING
COMMERCIAL CENTER. THE PRESENT SPACE IS RENTED
ANNUALLY FOR ABOUT \$6,000. THE LEASE CANNOT BE
RENEWED AT THIS FIGURE AND THE SPACE WILL RENT
FOR IN EXCESS OF \$60,000 AFTER JUNE 30, 1976.
THE EMBASSY WILL THEN HAVE NO SPACE FOR SIX
LOCAL EMPLOYEES AND THE ASSISTANT COMMERCIAL
ATTACHE TO WORK. (SEE PART IV H).

-- OFFICIAL TRADE MISSIONS (IOGAS) ABOVE AND
BEYOND THAT NOW PROVIDED (NOMINAL);

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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P 081110Z JAN 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 3305

AMEMBASSY ABU DHABI

AMEMBASSY ADDIS ABABA

AMEMBASSY AMMAN

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SANA

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY MOGADISCIO

AMEMBASSY VIENNA

S E C R E T SECTION 2 OF 3 JIDDA 0120

EXDIS

-- THE INVITATION OF INFLUENTIAL GROUPS OF SAUDI
BUSINESSMEN AND GOVERNMENT OFFICIALS TO VISIT
THE U.S. ALL ASPECTS OF U.S. LIFE ARE PRIME
TARGETS -- INDUSTRY, AGRICULTURE, HIGHWAY CON-
STRUCTION, MEDICAL CENTERS, COLLEGES AND
UNIVERSITIES, LIBRARIES, COMMUNICATION, AVIATION,
WATER AND SEWAGE TREATMENT FACILITIES TO NAME
SOME. WHAT HAS TO BE REALIZED IS THAT SAUDI
ARABIA IS IN THE PROCESS OF BUILDING AN ENTIRELY
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NEW SOCIETY, LITERALLY FROM THE GROUND UP, AND PRACTICALLY EVERYTHING -- THE BRICKS, THE MORTAR, THE TOOLS, THE EXPERTS AND THE UNDERLYING LABOR FORCE -- HAS TO BE IMPORTED.

-- U.S. CONSULTANTS AND EXPERTS TO THE SAUDI ARABIAN GOVERNMENT SO THAT WE MAY HAVE A CHANCE TO DRAFT PROJECT SPECIFICATIONS WHICH WILL GIVE U.S. FIRMS A COMPETITIVE CHANCE TO BID FOR TENDERS; AND

-- VIGOROUS ACTION TO PERSUADE THE SAUDI GOVERNMENT TO AMEND OR ABANDON ITS RESTRICTIVE LANGUAGE AND PRACTICES ON THE BOYCOTT AND VISAS.

THESE COURSES OF ACTION REQUIRE RAPID CONSIDERATION. PRELIMINARY PLANNING IS ALREADY GOING ON FOR MOST DEVELOPMENT PLAN PROJECTS AND MUCH OF THE PLANNING IS BEING DONE BY NON-U.S. FOREIGN CONSULTANTS WHOSE ADVICE AND SPECIFICATIONS TEND TO EXCLUDE OR IMPEDE U.S. FIRMS FROM COMPETITIVE BIDDING. A MAJOR EFFORT WILL BE NEEDED TO OFFSET THIS DISADVANTAGE IF THE GOAL OF 50 PERCENT PARTICIPATION IN THE "FOREIGN COMPONENT" OF THE DEVELOPMENT PLAN IS TO BE REACHED.

THE BRIGHT OUTLOOK, HOWEVER, FOR FUTURE GOOD ECONOMIC AND COMMERCIAL RELATIONS WITH SAUDI ARABIA HAS BEEN MARRED RECENTLY BY A RASH OF EXECUTIVE AND LEGISLATIVE ACTIONS IN THE U.S. WHICH HAVE DISTURBED SENIOR SAUDI OFFICIALS. THEY REGARD THE MEASURES AS ANTAGONISTIC AND AIMED DIRECTLY AT SAUDI ARABIA. THE ACTIONS COMMENCED WITH THE PRESIDENT'S STATEMENT OF NOVEMBER 20 AGAINST DISCRIMINATION DUE TO FOREIGN BOYCOTT PRACTICES, AND INCLUDE THE SECRETARY OF COMMERCE'S MEMORANDUM ON TRADE OPPORTUNITIES, THE SECRETARY OF THE INTERIOR'S MEMORANDUM ON THE U.S. GEOLOGICAL SURVEY, THE FEDERAL RESERVE BOARD'S LETTER MEMBER BANKS, THE MANDMENTS TO THE FOREIGN MILITARY SALES

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BILL IN HOUSE AND SENATE, THE PROBLEMS PRESENTED FOR BOTH AID AND PL 480 PROGRAMS, THE SUIT

AGAINST STATE AND TREASURY, ET AL REGARDING THE JOINT COMMISSION, AND PENDING SUITS AGAINST U.S. CORPORATIONS FOR ALLEGED RESTRAINT OF TRADE. WE BELIEVE THAT POSSIBLY THE MOST HARMFUL OF THESE ACTIONS IS THE FRB LETTER OF DECEMBER 12 TO MEMBER BANKS. STRICTLY ADHERED TO, IT WOULD SEEM THAT PAYMENT IN THE U.S. OF INTERNATIONAL ACCOUNTS USING SAUDI LETTERS OF CREDIT WOULD BE IMPOSSIBLE.

5. PRODUCER - CONSUMER DIALOGUE

IT IS A U.S. OBJECTIVE TO AVOID CONFRONTATION PRODUCERS OF RAW MATERIALS IN GENERAL AND EXPRESSLY WITH THE PETROLEUM PRODUCING LDCS. WITH THE DESIGNATION OF THE U.S. AND SAUDI ARABIA AS CO-CHAIRMEN OF THE CIEC'S COMMISSION ON ENERGY (SEE II.A.5), THE U.S. WILL NOW HAVE TO DEVOTE ITS ENERGIES TO:

-- INCLUDE SAUDI DECISION-MAKERS IN OUR STRATEGY FOR THE LONGER TERM; AND

-- PERSUADE SAUDI ARABIA TO EXERCISE ITS DIPLOMATIC TALENTS IN INTERNATIONAL FORA ON BEHALF OF OUR STRATEGY, USING ITS FORMIDABLE FINANCIAL AND PETROLEUM RESERVE POWERS WHERE NEEDED.

III. B. POLITICAL POLICY OBJECTIVES AND COURSES OF ACTION

1. SAUDI INTERNAL STABILITY

THERE IS RELATIVELY LITTLE THAT WE CAN DO TO ENSURE CONTINUED INTERNAL SAUDI STABILITY. WE RECOMMEND, HOWEVER:

-- ASSISTING THE SAG IN DEVELOPING AND EXECUTING PROJECTS OF ECONOMIC AND SOCIAL DEVELOPMENT LIKELY TO LESSON OR MINIMIZE POPULAR DISSATISFACTION. HOUSING,
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AN AREA IN WHICH WE HAVE ALREADY PROMISED CORPS OF ENGINEERS ASSISTANCE, SOCIAL SECURITY, AND THE RANGE OF PROJECTS BEFORE THE U.S. JOINT ECONOMIC MISSION ARE EXPAMPLES OF AN EFFORT TO WHICH WE SHOULD CONTINUE TO GIVE HIGH PRIORITY.

-- ATTEMPT TO CHECK THE GROWTH OF CORRUPTION. REVELATIONS BY U.S. CONGRESSIONAL COMMITTEES, THE SEC AND THE PRESS HAVE HEIGHTENED CONSCIOUSNESS OF THE SUBJECT

BUT WITH NO DISCERNIBLE INFLUENCE ON THE PRACTICE.
SOME TOP SAUDI LEADERS SEE A DANGER IN UNCHECKED CORRUPTION, HOWEVER, AND ON APPROPRIATE OCCASIONS THE SUBJECT CAN AND SHOULD BE DISCUSSED WITH THEM. THE USG CAN ALSO ENSURE THAT ALL TRANSACTIONS UNDER ITS AUSPICES WHETHER IN THE CIVILIAN OR MILITARY SECTOR ARE CLEAN OR ANY POSSIBLE IMPROPRIETY. HAVING CAUTIONED U.S. FIRMS AGAINST PITFALLS OF BRIBERY AND SIMILAR PRACTICES WE SHOULD MAKE HIGH LEVEL REPRESENTATIONS ON BEHALF OF ANY U.S. FIRMS WHERE IT CAN BE PLAUSIBLY DEMONSTRATED THAT A BUSINESS OPPORTUNITY WAS LOST THROUGH UNWILLINGNESS TO ENGAGE IN IMPROPER ACTIVITIES.

-- THE EXCHANGE OF INFORMATION ON SUBVERSIVE THREATS.
THE INTELLIGENCE COMMUNITY SHOULD BE TASKED WITH DEVELOPING INFORMATION INSIDE SAUDI ARABIA, IN OTHER ARAB COUNTRIES AND IN ARAB COMMUNITIES ABROAD WHICH COULD AFFECT SAUDI ARABIA.

-- ASSISTING THE SAG TO DEVELOP ITS COUNTERSUBVERSION CAPABILITIES. CONGRESSIONAL STRICTURES LIMIT OUR MENAS TO THIS END BUT WE SHOULD STILL BE ABLE TO ASSIST THE MINISTRY OF INTERIOR IN THE AREAS OF PASSPORTS, IMMIGRATION, ALIEN CONTROL, COMMUNICATIONS AND COMPUTER PROGRAMMING.

2. ENCOURAGE SAUDI SUPPORT FOR U.S. PEACE-KEEPING EFFORTS. PURSUE THIS OBJECTIVE IS TO PROVE AGAIN THAT NOTHING SUCCEEDS LIKE SUCCESS. GIVEN PROGRESS TOWARD A SETTLEMENT THE SAUDIS WILL CONTINUE TO SUPPORT OUR EFFORTS AND EXERT A MODERATING INFLUENCE ON THE SYRIANS AND OTHERS IMPATIENT OF THE SLOWNESS OF OUR EFFORTS.

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THE SAUDIS DESPERATELY WANT OUR EFFORTS TO SUCCEED, BUT THEIR SUPPORT WILL WANE IN THE ABSENCE OF PROGRESS.

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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P 081110Z JAN 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 3306

AMEMBASSY ABU DHABI

AMEMBASSY ADDIS ABABA

AMEMBASSY AMMAN

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SANA

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY MOGADISCIO

AMEMBASSY VIENNA

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ASIDE FROM THE OBVIOUS, IT MAY BE POSSIBLE TO INCREASE
SAUDI SUPPORT FOR OUR PEACE EFFORTS BY INCREASING THEIR
INVOLVEMENT IN THE PROCESS THROUGH MORE FREQUENT CON-
SULTATIONS AND OCCOASIONALLY USING THEIR GOOD OFFICES.
WE SHOULD IN ANY CASE KEEP THE SAUDI FULLY INFORMED.
THEIR ABILITY TO KEEP SECRETS EXCEEDS OUR OWN AND
THEY SEEM ABLE EVENTUALLY TO GET ALL THE DETAILS IN
ANY CASE FROM THE EGYPTIANS, SYRIANS OR JORDANIANS.

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IT IS IMPOSSIBLE TO SAY WHETHER THE SAG WOULD HAVE
ENCOURAGED SADAT TO GO THE EXTRA BIT FOR THE SAKE OF
A SECOND SINAI AGREEMENT OR WHETHER IT WOULD HAVE
ADVISED HIM TO STAND FIRM AND RISK THE BREAKDOWN OF
THE TALKS. THE LATTER CASE IS MORE LIKELY. HAD THEY
BEEN MORE INTIMATELY INVOLVED, HOWEVER, THEY WOULD
HAVE GIVEN MORE ENTHUSIASTIC SUPPORT TO WHATEVER
AGREEMENT RESULTED.

3. PERSIAN GULF AND RED SEA SECURITY

IN PURSUIT OF STABILITY AND SECURITY IN THE PERSIAN
GULF/RED SEA REGION THE U.S. SHOULD:

-- ENCOURAGE THE SAG TO ASSUME GREATER RESPONSIBILITY
FOR REGIONAL SECURITY ON THE ARAB SIDE OF THE GULF.
WE SHOULD BE PREPARED TO COOPERATE WITH THE SAG IN
MODEST PROGRAMS OF ARMS PROCUREMENT FOR THE SMALLER
GULF STATES.

-- ENCOURAGE SAUDI-IRANIAN DIALOGUE ON MATTERS OF GULF
SECURITY.

-- BE PREPARED TO CAUTION THE IRANIAN GOVERNMENT AGAINST
UNILATERAL ACTION ON THE ARAB SIDE OF THE GULF WHICH
DOES NOT HAVE PRIOR SAUDI CONCURRENCE.

-- ENCOURAGE THE SAG TO CONTINUE GIVING POLITICAL AND
ECONOMIC SUPPORT TO THE YARG AND TO UNDERTAKE A PRO-
GRAM OF MODERNIZATION OF THE YAR ARMED
FORCES ADEQUATE TO MEET LEGITIMATE DEFENSE NEEDS.

-- COOPERATE WITH THE SAG IN MODERNIZING THE YAR ARMED
FORCES BY MAKING AVAILABLE APPROPRIATE MATERIAL TO
BE FINANCED BY THE SAG.

-- ENCOURAGE THE SAG TO PROCEED WITH NORMALIZATION OF
RELATIONS WITH THE PDRY WITH A VIEW TO REDUCING SOVIET
AND OTHER FOREIGN COMMUNIST INFLUENCE AND REDUCING
THE THREAT TO THE PDRY'S NEIGHBORS. WE SHOULD NOT,
HOWEVER, FORCE THE PACE LEST THE SAG FEEL PUSHED
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INTO A SETTLEMENT WITH THE PDRY WHICH WOULD GIVE THE
LATTER REGIME INCREASED PRESTIGE AND ACCESS TO ARAB
MONEY WITHOUT HAVING MADE MAJOR CONCESSIONS. IN THIS
REGARD WE SHOULD CONSULT CLOSELY WITH THE SAG BEFORE
TAKING ANY STEPS TOWARDS USG RECOGNITION OF THE PDRY.

-- CONSULT CLOSELY WITH THE SAG ON DEVELOPMENTS IN THE
HORN OF AFRICA WHERE SAUDI ARABIA HAS POTENTIALLY
MAJOR INFLUENCE AND SEES A COMMONALITY OF INTEREST
WITH US IN REDUCING SOVIET INFLUENCE AND PROMOTING
STABLE REGIMES. SUCH CONSULTATION WILL AVOID CONTRO-
VERSY IN AREAS WHERE OUR POLICIES DIFFER, SUCH AS TOWARDS
THE EPMG AND ERITREA. CONSULTATION MUST BE FRANK TO
AVOID AGAIN GIVING THE IMPRESSION THAT WE ARE USING
THE SAG.

IN OUR DISCUSSIONS WITH THE SAG ON THE RED SEA AND PERSIAN GULF AREAS, WE SHOULD BE AWARE THAT OUR REPRESENTATIONS WILL BE EFFECTIVE AND LISTENED TO, INsofar AS WHAT WE SAY CORRESPONDS TO WHAT THE SAG WANTS TO DO. WE CAN POINT UP OR REFINE AN ISSUE FOR SAUDI LEADERS, BUT THE SAG BELIEVES IT KNOWS MORE AND BETTER THAN WE, WHAT ITS POLICY SHOULD BE TOWARD ADJACENT REGIONS.

4. ARMED FORCES MODERNIZATION

WE SHOULD CONTINUE OUR INVOLVEMENT IN THE MODERNIZATION OF THE SAUDI ARMED FORCES, BE REponsive TO FURTHER REQUESTS WHEN PRACTICABLE, AND URGE RESTRAINT WHEN SAUDI REQUESTS APPEAR TO EXCEED LEGITIMATE DEFENSE REQUIREMENTS OF THE ABSORVITIVE CAPACITY OF THE ARMED FORCES. MAJOR DEFENSE ARTICLES TO BE DELIVERED OVER THE NEXT TWO FISCAL YEARS ARE INCLUDED IN THE SAUDI NAVAL EXPANSION PROGRAM, THE PEACE HAWK IV AND V PROGRAMS AND THE USG RESPONSE TO THE SAG "URGENT REQUIREMENT LIST" (SEE JIDDA 8377).

WE SHOULD CONTINUE TO URGE THE SAG TO PROVIDE ADEQUATE SUPPORT FOR OUR MILITARY TRAINING MISSION. WITHOUT ADEQUATE SUPPORT OUR OWN ABILITY TO ACCOMPLISH OUR MILITARY DEVELOPMENT MISSION, AND DO WHAT THE SAUDIS
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EXPECT OF US, WILL BE LIMITED. WE SHOULD ALSO MAKE IT CLEAR--REPEATEDLY-- TO THE SAG THAT MILITARY DEVELOPMENT CANNOT BE ENTIRELY BOUGHT IN THE U.S. AND THAT THE SAG MUST FULFILL ITS TRAINING AND ORGANIZATIONAL PRECONDITIONS.

5. USING SAUDI INFLUENCE IN THE THIRD WORLD

A REQUISITE TO COOPERATION WITH THE SAG IN MODERATING THIRD WORLD BEHAVIOR IN THE UN AND OTHER INTERNATIONAL ORGANIZATIONS WILL BE OUR WILLINGNESS TO SEPARATE THE ARAB-ISRAELI ISSUE DFOM OTHER MATTERS WE CONSIDER IMPORTANT. THIS DOES NOT MEAN OUR ABANDONING SUPPORT FOR ISRAEL IN INTERNATIONAL ORGANIZATIONS. SAUDI ARABIA ACCEPTS THIS SUPPORT AS A FACT OF LIFE AND HAS GENERALLY NOT MADE AN ISSUE OF IT AFFECTING COOPERATION ON OTHER MATTERS. IT IS WHEN WE MAKE A POINT OF UNDERLINING OUR DISAGREEMENT--AS ON THE ZIONISM/RACISM ISSUE-- THAT THE CLIMATE FOR COOPERATION IS IMPAIRED. (THIS WAS PERHAPS UNAVOIDABLE BUT THE VEHEMENCE OF OUR RESPONSE TO THE ZIONISM VOTES TOOK THE SAUDIS ABACK WITH OUT SHAKING THEIR CONVICTION THAT IN TERMS OF THE

ARAB EXPERIENCE WITH WESTERN COLONIALISTS ZIONISM IS RACIST).

IF WE ARE TO COOPERATE WITH THE SAUDIS AT THE UN AND IN OTHER INTERNATIONAL ORGANIZATIONS IT IS IMPORTANT THAT WE DEFINE THE ISSUES IMPORTANT TO US SOON ENOUGH TO ALLOW AMPLE TIME FOR CONSULTATION. THE WEAKNESS OF THE SAUDI BUREAUCRACY MAKES IT IMPORTANT THAT THEIR DELEGATIONS BE INSTRUCTED BEFORE THEY LEAVE THE KINGDOM. IT IS DIFFICULT TO GET PRECISE INSTRUCTION SENT LATER BY TELEGRAM AND, IN THE ABSENCE OF INSTRUCTIONS, THE TENDENCY OF SAUDI DELEGATES IS TO AVOID CONTROVERSY AND SEEK COMFORT IN THE CROWD.

AS LONG AS JAMIL BAROODY IS SAUDI PERMANENT DELEGATE TO THE UN WE SHOULD DO WHAT WE CAN TO GET ALONG WITH HIM. FROM TIME TO TIME IN PRIVATE, HOWEVER, WE CAN TRY AGAIN TO PERSUADE CROWN PRINCE FAHD (WHO THINKS
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HE IS WORTHLESS) AND FOREIGN MINISTER PRINCE SAUD TO RELIEVE BAROODY FROM HIS POST.
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Message Attributes

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Draft Date: 08 JAN 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JIDDA00120
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Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760006-1067
From: JIDDA
Handling Restrictions: n/a
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Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
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Margaret P. Grafeld
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TAGS: PINT, PFOR, EGEN, US, SA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006